

ASSEMBLY BILL

No. 197

Introduced by Assembly Member Eduardo Garcia

January 28, 2015

An act to add Sections 399.23 and 636 to, and to repeal and add Section 454.55 of, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 197, as introduced, Eduardo Garcia. Public utilities: renewable resources.

(1) The Public Utilities Act requires the Public Utilities Commission (PUC), in consultation with the Independent System Operator, to establish resource adequacy requirements for all load-serving entities, including electrical corporations, in accordance with specified objectives. The act further requires each load-serving entity to maintain physical generating capacity adequate to meet its load requirements, including peak demand and planning and operating reserves, deliverable to locations and at times as may be necessary to provide reliable electric service.

The California Renewables Portfolio Standard (RPS) Program, requires a retail seller of electricity and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources for specified compliance periods, sufficient to ensure that the procurement of electricity products from those resources achieves 25% of retail sales by December 31, 2016 and 33% of retail sales by December 31, 2020, and in all subsequent years. The RPS program, consistent with the goals of procuring the least-cost and best-fit eligible renewable energy resources that meet project viability principles, requires that all retail sellers

procure a balanced portfolio of electricity products from eligible renewable energy resources, as specified, referred to as the portfolio content requirements.

This bill would state the policy of the state to require all retail sellers of electricity, including investor-owned electrical corporations and local publicly owned electric utilities, to procure all available cost-effective, reliable, and feasible energy efficiency, demand response, and renewable resources, so as to achieve grid reliability and greenhouse gases emission reductions simultaneously, in the most cost-effective and affordable manner practicable. The bill would require that procurement not be limited by any targets established for these resources by statute or regulatory decision.

(2) The Public Utilities Act requires the PUC to review and adopt a procurement plan for each electrical corporation in accordance with specified elements, incentive mechanisms, and objectives. The act requires that an electrical corporation's proposed procurement plan include certain elements, including a showing that the electrical corporation will first meet its unmet needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. The act requires the PUC, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potentially achievable cost-effective electricity efficiency savings and to establish efficiency targets for electrical corporations to achieve pursuant to their procurement plan.

This bill would require electrical corporations to procure all available cost-effective, reliable, and feasible energy efficiency, demand response, and renewable energy resources, and to consider procuring available cost-effective energy storage technologies. The bill would require the PUC to continue to establish efficiency targets for an electrical corporation pursuant to the utility's procurement plan.

(3) The Public Utilities Act requires an electrical corporation or a local publicly-owned electric utility, in a long-term plan or a procurement plan, respectively, to adopt a strategy applicable both to a newly constructed or repowered generation owned and procured by the electrical corporation or local publicly owned electric utility to achieve efficiency in the use of fossil fuels and to address carbon emissions.

This bill would require an electrical corporation, in a long-term plan, or local publicly owned electric utility, in a procurement plan, to adopt a long-term procurement strategy to achieve a target of procuring 50%

of its electricity products from eligible renewable energy resources by December 31, 2030. The bill would require that each long-term plan adopted by an electrical corporation or procurement plan implemented by a local publicly owned electric utility be updated not less than every 3 years and released to the public, the Governor, and the Legislature, and would require that each plan update include estimated emissions of greenhouse gases that are expected to result from implementation of the plan for each 5-year period through December 31, 2030.

(4) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the Public Utilities Commission is a crime.

Because the provisions of this bill are within the act, a violation of the requirements would impose a state-mandated local program by expanding the definition of a crime.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 399.23 is added to the Public Utilities
2 Code, to read:

3 399.23. (a) The Legislature finds and declares all of the
4 following:

5 (1) There is increasing uncertainty with regard to the availability
6 of California's fleet of older powerplants, as well as the state's
7 ability to reduce greenhouse gas emissions beyond the target
8 established for 2020, creating the need for both increased electrical
9 generation from renewable energy resources and reduced demand
10 through energy efficiency and demand response.

11 (2) It is in the best interest of the electricity consumers of this
12 state that sufficient renewable energy generation supply and
13 demand-side resources are procured to meet electricity demand,
14 and that this supply and these resources provide the highest value,
15 including providing safe, reliable, and affordable electricity

1 supplies and minimizing air quality impacts to consumers in the
2 most cost-effective manner practicable.

3 (3) Renewable energy generation from renewable energy
4 resources that qualify as local capacity resources are essential to
5 maintaining reliable electricity deliveries.

6 (4) There are substantial high-quality renewable energy
7 resources in the County of Imperial near the Salton Sea with the
8 ability to reduce greenhouse gas emissions that can generate
9 electricity in a manner that will simultaneously meet local capacity
10 requirements, maintain grid reliability, and provide significant
11 local and regional environmental and economic development
12 benefits.

13 (5) The commitment to a loading order of preferred resources
14 in the manner prescribed in Section 454.55 is necessary to the
15 continued health and safety of California electric consumers.

16 (b) Consistent with the loading order adopted by the Energy
17 Commission and the commission that sets forth state policy for
18 preferred resources to meet electrical load needs, it is the intent of
19 the Legislature, and the policy of the state, that all retail sellers of
20 electricity, including investor-owned electrical corporations and
21 local publicly owned electric utilities, shall procure all available
22 cost-effective, reliable, and feasible energy efficiency, demand
23 response, and renewable energy resources, so as to achieve grid
24 reliability and greenhouse gases emission reductions
25 simultaneously, in the most cost-effective and affordable manner
26 practicable. Procurement shall not be limited by any targets
27 established for these resources by statute or regulatory decision.

28 SEC. 2. Section 454.55 of the Public Utilities Code is repealed.

29 ~~454.55. The commission, in consultation with the State Energy~~
30 ~~Resources Conservation and Development Commission, shall~~
31 ~~identify all potentially achievable cost-effective electricity~~
32 ~~efficiency savings and establish efficiency targets for an electrical~~
33 ~~corporation to achieve pursuant to Section 454.5.~~

34 SEC. 3. Section 454.55 is added to the Public Utilities Code,
35 to read:

36 454.55. Pursuant to a loading order of preferred resources to
37 meet electricity demand in a manner that improves the state's air
38 quality, reduces greenhouse gas emissions, and preserves electric
39 grid reliability, electrical corporations shall procure all available
40 cost-effective, reliable, and feasible energy efficiency, demand

1 response, and renewable energy resources, and shall consider
2 procuring available cost-effective energy storage technologies.
3 Procurement of conventional or gas-fired generation shall only be
4 undertaken to meet residual need forecasted for the long-term
5 planning period that is not otherwise met by preferred resources.
6 In measuring the cost-effectiveness of the procurement of preferred
7 resources, the commission shall determine and include the value
8 of grid reliability, including the value of grid reliability of diversity
9 in renewable electric generation by resource type, size, and
10 location, both alone and in combination with nontransmission
11 alternatives, and local environmental benefits provided by each
12 renewable energy resource type technology in disadvantaged
13 communities that have been identified by the California
14 Environmental Protection Agency pursuant to Section 39711 of
15 the Health and Safety Code. This procurement shall not be limited
16 by any targets established for these resources by statute or
17 regulatory decision. However, the commission shall continue to
18 establish efficiency targets for an electrical corporation to achieve
19 pursuant to Section 454.5.

20 SEC. 4. Section 636 is added to the Public Utilities Code, to
21 read:

22 636. (a) In a long-term plan adopted by an electrical
23 corporation or in a procurement plan implemented by a local
24 publicly owned electric utility, the electrical corporation or local
25 publicly owned electric utility shall adopt a long-term procurement
26 strategy to achieve a target of procuring 50 percent of its electricity
27 products from eligible renewable energy resources, as defined in
28 Section 399.12, by December 31, 2030, consistent with Section
29 454.55.

30 (b) Each long-term plan adopted by an electrical corporation or
31 procurement plan implemented by a local publicly owned electric
32 utility shall be updated not less than every three years and released
33 to the public, the Governor, and the Legislature. Each plan update
34 shall include estimated emissions of greenhouse gases that are
35 expected to result from implementation of the plan for each
36 five-year period through December 31, 2030.

37 SEC. 5. No reimbursement is required by this act pursuant to
38 Section 6 of Article XIII B of the California Constitution because
39 the only costs that may be incurred by a local agency or school
40 district will be incurred because this act creates a new crime or

1 infraction, eliminates a crime or infraction, or changes the penalty
2 for a crime or infraction, within the meaning of Section 17556 of
3 the Government Code, or changes the definition of a crime within
4 the meaning of Section 6 of Article XIII B of the California
5 Constitution.

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